

MEMORANDUM FOR: FIELD CHIEF FINANCIAL OFFICERS

FROM: JEAN M. MORGAN

SUBJECT: Environmental, Safety and Health (ES&H)

The Department reported an unfunded liability totaling \$1,152 million in FY 1996 for those activities necessary to bring facilities and operations into compliance with existing environmental, safety, and health (ES&H) laws and regulations (excluding activities addressed by the Baseline Environmental Management Report). This liability was based on ES&H compliance activities reported annually through the ES&H Management Plan. This liability was recorded at a summary level by the Office of Financial Control and Reporting (FCR), except for an amount associated with the Naval Petroleum Reserves, which was recorded by the Capital Accounting Center. As discussed at the CFO Conference in June 1997, field offices will be responsible for recording these liabilities beginning in FY 1997.

To accomplish the transfer of responsibility for accounting for ES&H liabilities, field offices will need to record their respective portions of the Department's FY 1996 liability. Attachment A is a breakdown of the FY 1996 liability by office and facility. Summary class code 01 entries debiting 8159, Future Funding Requirements, and crediting 3999, Unfunded Liabilities-Other, should be made by each field office listed on Attachment A. These entries should be included with your August data submission to the Management Analysis and Reporting System.

In addition to recording the FY 1996 liability balance, each office will need to verify the compliance activities submitted in the FY 1998 ES&H Management Plan and make accounting adjustments to bring the FY 1997 ES&H liability into agreement with the FY 1998 plan estimate. Attachment B summarizes the ES&H Management Plan estimates for each office for comparative purposes with the FY 1996 liabilities. These estimates include all ES&H activities funded by all Cognizant Secretarial Offices (CSO) except the Office of Environmental Management (EM). The EM portion of the ES&H compliance liability will be obtained through the Focus on 2006 planning effort.

In this verification process, we request that you perform the following tasks:

- (1) Examine the compliance activity data sheets (ADS) for your facilities and confirm whether the funded (target) compliance ADS remain funded by your current planning. If the ADS is not considered a valid activity, please adjust the estimate as appropriate.
- (2) Examine all unfunded compliance ADS's to ascertain whether they represent activities which will eventually be funded versus those that won't be because they represent "negligible risk" or do not make good economic sense (e.g., facility will be decommissioned in two years). We recommend using risk information provided by the Risk Based Priority Model evaluation to make this determination. For instance, potential civil fines and penalties and major noncompliance with laws and orders likely contribute relatively high risk verses, noncompliance with other types of DOE requirements.

- (3) The guidance for preparation of your FY 1998 ES&H Management Plan instructed field offices to provide the cost-to-completion for all Line-Item Project (LIP) and General Plant Project (GPP) "compliance" ADS's in the FY 2003 column of the ADS. Please verify that the total estimated costs for completion cost after FY 2002 for any GPP or LIP funded ADS's have been included in the FY 2003 column.
- (4) The Inspector General has noted the results of the Highly Enriched Uranium Working Group Report on Environment, Safety and Health Vulnerabilities Associated with the Department's Storage of Highly Enriched Uranium Report issued in January 1997. This report should be reviewed to ensure that the FY 1997 ES&H liability includes future funding requirements to address the liabilities identified in this report. This information will be noted in the Department's annual financial statements.

Documentation should be maintained to support all adjustments to the FY 1996 ending ES&H unfunded liability balance. A reconciliation schedule must be provided to FCR as part of your year-end financial statement footnote disclosures. The year-end footnote disclosure guidance will provide a general format for this reconciliation. If you have questions regarding the ES&H Management Plan please contact Robert Myers at (202) 586-8609. Any questions relating to the impact of the ES&H liability on the financial statements should be addressed to Deanna Ammons at (301) 903-5374.

Attachments

cc:

EH-73

**Unfunded ES&H Compliance Activities
By Office/Facility
as of FY 1996
(000's omitted)**

Facility	Funded Operating Expense + Capital Equipment	Funded General Plant and Line Item Projects	Currently Unfunded Compliance		Total
			Activities that are Anticipated to be Funded	Cost to Complete (2002 and Beyond)	
AL	1,000	0	0	0	1,000
ITRI	2,321	1,629	0	0	3,950
KCL	885	22,100	0	0	22,985
LANL	20,865	134,560	83,130	37,518	276,073
PANTE	23,729	0	38,563	0	62,292
SNL	26,811	0	10,665	0	37,476
	75,611	158,289	132,358	37,518	403,776
AGSF	0	250	1,600	0	1,850
AMES	18	0	463	0	481
ANLE	18,803	69,669	6,685	26,600	121,757
ANLW	3,097	1,390	0	199	4,686
BNL	2,728	34,689	3,511	0	40,928
CH	2,189	0	0	0	2,189
EML	207	0	0	0	207
FNAL	15,336	2,892	0	0	18,228
PPPL	9,913	0	0	0	9,913
	52,291	108,890	12,259	26,799	200,239
INEL	1,022	0	0	0	1,022
METC	36,866	0	0	500	37,366
NTS	2,900	0	0	0	2,900
NV	30,107	0	0	0	30,107
	33,007	0	0	0	33,007
LBL	8,884	2,127	24,227	24,267	59,505
LLNL	29,042	5,100	22,397	0	56,539
OAK	682	0	0	0	682
SLAC	1,987	1,847	0	0	3,834
	40,595	9,074	46,624	24,267	120,560
CEBA F	2,264	815	0	0	3,079
OR	5,163	0	319	0	5,482
ORISE	298	0	0	0	298
ORNL	48,446	2,350	95,443	6,800	153,039
OSTI	120	0	230	0	350
PADUC	25,128	0	0	0	25,128
PORTS	0	0	0	0	0
Y 12	11,666	300	0	0	11,966
	93,085	3,465	95,992	6,800	199,342
PETC	26,327	0	0	0	26,327
BPO	4,390	1,135	0	0	5,525
	30,717	1,135	0	0	31,852
	23,294	0	0	0	23,294
HANFS	493	0	0	0	493
PNL	4,555	14,060	17,755	0	36,370
	5,048	14,060	17,755	0	36,863
SPRPO	6,757	0	0	0	6,757
SR	1,540	0	0	0	1,540
NOSR1	55	0	0	0	55
NOSR2	1,000	0	0	0	1,000
NOSR3	43	0	0	0	43
NPR1	8,462	19,050	0	22,000	49,512
NPR3	468	0	0	0	468
WAHQ	0	0	5,555	0	5,555
	10,028	19,050	5,555	22,000	56,633
TOTAL	409,861	313,963	310,543	117,884	1,152,251

**Unfunded ES&H Compliance Activities
By Office/Facility
As of FY 1997
(000's omitted)**

Office	Facility	Funded Operating Expense + Capital Equipment	Funded General Plant and Line Item Construction Projects	Currently Unfunded Compliance Activities that are Anticipated to be Funded	Cost to Complete (2003 and beyond)	Total
AL	ITRI	750	0	1,512	0	2,262
AL	KCP	480	18,600	0	0	19,080
AL	LANL	117,117	194,630	0	0	311,747
AL	PANTE	7,179	10,600	0	0	17,779
AL	SNL	14,855	0	0	1,391	16,246
		140,381	223,830	1,512	1,391	367,114
CH	AMES	246	0	0	415	661
CH	ANLE	13,595	34,732	1,461	18,093	67,881
CH	ANLW	1,910	1,390	0	0	3,300
CH	BNL	3,214	4,228	42,119	118	49,679
CH	FNAL	854	641	0	0	1,495
CH	PPPL	6,947	0	0	0	6,947
		26,766	40,991	43,580	18,626	129,963
METC	METC	17,674	0	0	8,454	26,128
NV	NTS	3,984	0	4,127	0	8,111
NV	YMPO	0	0	1,680	0	1,680
NV	NV	0	21,601	5,000	0	26,601
		3,984	21,601	10,807	0	36,392
OA	LBL	5,995	8,220	15,425	571	30,211
OA	LLNL	14,280	5,350	0	0	19,630
OA	OAK	141	0	0	0	141
OA	SLAC	727	1,120	240	0	2,087
		21,143	14,690	15,665	571	52,069
OR	CEBA F	0	856	0	0	856
OR	OR	5,598	0	40	138	5,776
OR	ORISE	254	0	0	0	254
OR	ORNL	12,597	5,000	81,868	533	99,998
OR	OSTI	100	0	415	20	535
OR	PORTS	0	0	580	0	580
OR	Y12	6,500	0	0	1,300	7,800
		25,049	5,856	82,903	1,991	115,799
PETC	PETC	32,669	0	0	7,210	39,879
PETC	BPO	2,200	0	0	0	2,200
		34,869	0	0	7,210	42,079
RL	PNL	3,994	1,750	8,900	847	15,491
SPRPO	SPRPO	40	0	0	0	40
SR	SR	1,881	0	0	0	1,881
SR	SRS	0	0	0	0	0
		1,881	0	0	0	1,881
WA	NOSR1	47	0	0	0	47
WA	NOSR3	91	0	0	16	107
WA	NPR1	8,873	46,500	0	0	55,373
WA	NPR3	1,722	0	725	355	2,802
WA	WAHQ	1,236	4,500	7,450	0	13,186
		11,969	51,000	8,175	371	71,515
TOTAL		287,750	359,718	171,542	39,461	858,471